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BISMARCK AND STATE SOCIALISM. An Exposition of the Social and Economic Legislation of Germany since 1870. By WILLIAM HARBUTT DAWSON, Author of "German Socialism and Ferdinand Lassalle," etc. Pp. 171. London: Swan, Sonnenschein & Co., 1890.

"STATE Socialism," as Mr. Dawson understands it, is of high descent in Germany. Under Frederick the Great, who aspired from the first to be *un vrai roi des gueux*, it took the form of "the Police State," and had for its supreme economy the mercantile theory of gain. The Prussian *Landrecht* of William II. ordained in 1794 that the State was to be considered the natural protector of the poorer classes, and was bound to provide for them. The Stein-Hardenberg legislation, following the Liberation wars, was essentially socialistic in its tenor—and socialistic in the best of all senses. The laws of Stein and Hardenberg, in effecting a social emancipation from the shackles of feudalism, gave a natural impulse to what Mr. Dawson calls "free-trade and individualistic ideas." The *Zollverein* period opened its bosom more and more to the free-trade spirit. Then came the revolutionary tremors of 1848, and it was from these agitations that socialism, pure and simple, emerged as a form of political unrest, because the civil revolution had not been radical enough. Next in the order of events was the Franco-Prussian war, with the immense indemnity levied on France. To this succeeded "the Bubble Era," with the economic inflations produced by the French milliards, so suddenly poured into the coffers of German trade and finance. Then came the collapse, when financial paralysis fell alike on German capital and labor. It was, says Dawson, as a reaction from that collapse that the "State Socialism" of Bismarck took its motive. It was, indeed, a reaction against a reaction, because, as he explains, it was, in the first place, a reaction of "collectivism against individualism"; and because, in the second place, the "individualism" of the *Zollverein* period had

been itself a reaction against the "Police State" of Frederick the Great.

Mr. Dawson shows in a bright and sketchy way the leading part which Bismarck has had in reversing the *quasi*-free-trade policy of Germany, and in giving to that reversal, within certain limits, the aspect and proportions of "State Socialism." State Socialism, as defined by the author, is "the protest of collectivism against individualism," and "the protest of nationality against cosmopolitanism." Armed with these two protests Bismarck assailed the doctrines of free-trade and of *laissez-faire*. It seems that he had not made a serious study of public economy until about the year 1877. "Before that he entrusted the country's economic policy to Minister von Delbrück," and had no well-defined opinions of his own. In the economic and social cataclysms which followed "the Bubble Era," "all eyes," says Mr. Dawson, "were turned to the State for succor. Self-help stood paralyzed, unable to grapple with the difficulties of the situation. . . . The time had come when Germany was to return to the economic social policy of old Prussia, and the question of customs duties was taken in hand first."

At first Bismarck proceeded tentatively, revising the schedules of the tariff, with the aid of a commission, and raising certain duties in accordance with expert opinions. At this time he openly held that "protective duties for individual industries, when they exceed the limit imposed by regard for their financial proceeds, act as a privilege, and arouse, on the part of the representatives of unprotected industries, the antipathy to which every privilege is exposed." His paramount aim was to secure a home market for the entire product of German industry. At that time, in 1879, the chances of a large export trade seemed to him "exceedingly precarious." Two years later he avowed his purpose to resist any modification of the tariff in the direction of free-trade. In 1884 he proclaimed that protection had "freed the country from its poverty of

blood," and that all branches of industry were in a prosperous state, except agriculture.

Mr. Dawson believes that the protective policy of Bismarck has been vindicated by its results. "The evidence on the point," he says, "is abundant," yet "on the whole," he adds, "it would appear that while many industries have undoubtedly experienced great benefit from protection, others have suffered corresponding injury." This conclusion, "on the whole," seems a rather lame support of his argument.

The attempts of Bismarck to establish a State monopoly of tobacco in 1880, and of brandy in 1886, are described at length by Mr. Dawson. It is known that Bismarck failed in both these efforts of "State Socialism." The nationalization of railways has found in him a consistent advocate, and, with the courage of his opinions, he has sought to give an extension to this principle throughout the whole German Empire. The phases of his "State Socialism" in the matter of legislation for the protection and insurance of the laboring classes receive full discussion in Mr. Dawson's treatise.

The author evidently wishes to speak the best word that can be said for "State Socialism" according to Bismarck. But in describing it as "a reaction against a reaction," he unconsciously betrays the unstable equilibrium from which it sprang under the imperious leading of the great Chancellor, in a time of unexampled economic confusion in Germany—a time little favorable to the genesis of sound and stable ideas in public economy. Mr. Dawson's conception of "State Socialism" needs to be clarified. The *Verstaatlichung* of an industry is not necessarily and in itself considered, a *socialistic* enterprise in the domain of economic activity. It may possibly be the outcome of pure arbitrariness and extortion, with nothing truly "socialistic" in either its cause or effect. The blind and unconscious forces of "individualism" may work better than "collectivism" under the control of ignorance or rapacity.

"State Socialism," to be worthy of its name, must work in harmony with truth and righteousness. To be stable it must be intelligent, and to be intelligent it must be teleologic, that is, must proceed from a scientific prevision of means and ends, and so must contain within itself the conditions of prediction, or at least of self-verification. Till this stage is reached in the evolution of social, political, and economic science, the doctrine of free-trade and of *laissez-faire* will survive, not, indeed, as a finality in political economy, but as a humble plea for the natural economic selection which is likely to be wiser, better, and safer than the artificial economic selections made by the fortuitous concourse of political atoms in a *Reichstag*, as at present constituted.

We wonder that Mr. Dawson has not formulated any theory of economic progress along the lines of "State Socialism." He was invited to such a generalization by some suggestive remarks of Bismarck, when, in treating on railways, he held that they were meant "for the service of traffic rather than of finance," that is, for value in use rather than for value in exchange. When the value in use of any service, as compared with its value in exchange, so greatly transcends the latter that the latter becomes an inconsiderable fraction, every consideration of public convenience conspires with every consideration of political duty and economic advantage to dictate the ultimate transfer of such a service to the administration of the State. Extended State activity in the economic domain is, therefore, the law of an advancing civilization, but it is a law which can justify itself only *pari passu* with the discovery of scientific truth in economy, and with the just and prudent administration of civil government in the sphere of the political State. Hence it is that civil-service reform and reform in the methods of politics may be said to hold in their hands the keys of State Socialism. If Mr. Dawson was unable to spell out this doctrine from the luminous remarks of Bismarck and of Wagner, he might

have found it expounded at length in a work with which he must be familiar—in Hertzka's *Gesetze der Sozialen Entwicklung*.

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CIVIL GOVERNMENT IN THE UNITED STATES CONSIDERED WITH SOME REFERENCE TO ITS ORIGIN. By JOHN FISKE. Pp. 360. Boston and New York: Houghton, Mifflin & Co., 1890.

MR. FISKE has in this volume undertaken to give a clear and comprehensive account of the development of civil government in the United States in so elementary a form that it might be found useful as a text-book in the schools of the country. This is a far more difficult task than the preparation of an exhaustive treatise upon the science of government, even though the writer may have an inexhaustible store of knowledge to draw from. In the preparation of an elementary treatise on any subject, the author must confine himself in large measure to generalizations, for a descent to details would destroy the elementary character of the book; and, of course, the value of the book depends altogether upon the accuracy of the generalizations. And the difficulty is trebled if one attempts to give the elementary treatise a popular character, the great danger being that, in the attempt to popularize, inaccurate statements and half truths are presented to the reader.

In the main the volume before us satisfies all reasonable expectations, and in many parts the treatment is truly admirable. Mr. Fiske's well-known felicity of expression enables him to give to his discussion of these subjects a popular character without sacrificing scientific accuracy. His order of discussion of the subdivisions of the subject is also sound and proper. Beginning with the lowest or simplest governmental organization—the township—he discusses in succession the county, the city, the State, and the Federal Union. After a general examination of this part